

Budget monitoring – Outturn 2013/14

Summary recommendations

Cabinet is asked to:

1. note the 2013/14 net revenue budget underspend of £6.9m (Annex 1, paragraph 1);
2. approve the final 2013/14 revenue carry forward requests of £5.5m through transfer to the Budget Equalisation Reserve (Annex 1, paragraphs 2 and 36);
3. approve the residual revenue underspend of £1.4m is transferred to General Balances (Annex 1, paragraph 2);
4. note the capital budget outturn of £224.1m and approve the final capital carry forwards of £32.6m (Annex 1, paragraphs 79 to 82);
5. note the reserves movements and year end general balances and reserves (Annex 1, Appendix, Table App5).

Financial strategy

The financial strategy has a number of long term drivers to ensure sound governance, effective management of the Council's finances and compliance with best practice.

- Keep any additional call on the council taxpayer to a minimum consistent with the delivery of key services through continuously driving the efficiency agenda.
- Develop a funding strategy to reduce the Council's reliance on council tax and government grant income.
- Balance the Council's 2014/15 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
- Continue to maximise our investment in Surrey to improve services; support business; develop members and staff, and generate income streams

Revenue summary

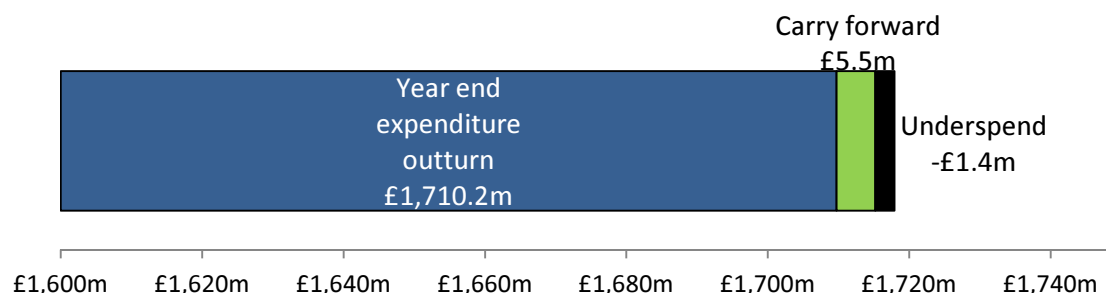
The Council reports a -£6.9m underspend on its 2013/14 revenue budget and has agreed to carry forward £5.5m for use in 2014/15 to complete projects and schemes that were not completed by 31 March 2014. The remaining underspending of -£1.4m will be transferred to General Balances, which will stand at £21.3m

In the face of on-going demand and funding pressures, the Council has to prepare for emergencies, such as the recent severe weather and flooding. Part of this preparedness is holding adequate reserves and balances. At 31 March 2014, the Council held £21.3m in general balances. The estimated cost of the immediate response and temporary repairs required as a result of this flooding and associated stormy weather is £3.2m, including £3m relating to damage sustained to local highways. Over the longer term, the estimated cost of capital and revenue repairs to highways infrastructure is £4.5m. The Council will pursue all available relief funding from central government.

Keeping the call on the council tax payer to a minimum, consistent with the delivery of key services

For the fourth year running the Council will end the year with a small underspend, demonstrating tight financial management. The Council will continue to seek further savings in 2014/15 in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty.

Figure 1: Year end revenue budget outturn



Continuously driving the efficiency agenda

A key objective of MTFP 2013-18 is to increase the Council's overall financial resilience, including reducing long term reliance on government grants. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of March 2014, services achieved £62.3m efficiencies. This shortfall includes slippage in Adult Social Care's (ASC) innovative Family, Friends & Community Support (FF&C) strategy (+£6.0m), partly offset by Business Services bringing forward 2014/15 efficiencies (-£1.3m).

The total savings from efficiencies includes £10.4m savings ASC re-categorised as one-off measures. As these 2013/14 savings are one-off, the directorate has carried this amount of savings forward to 2014/15.

Capital summary

Maximising our investment in Surrey

A key element of Surrey County Council's corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme and MTFP 2013-18 set a £699m five year capital programme. Following Cabinet approved re-profiling of 2012/13 carry forward budgets and virements; the revised 2013/14 capital budget was £230.1m. Capital expenditure for 2013/14, including the investment was £224.1m and includes investment of £38.4m in long term capital investment assets as part of its strategy to reduce reliance upon government funding and the council tax payer.

As part of its multi-year approach to financial management, enabling budget equalisation and avoiding arbitrary cut offs to budgets, Cabinet has requests to carry forward £32.6m. This is an adjustment from that approved at the Cabinet meeting on 30 April.

Flooding update

During 2013/14 there was widespread flooding across the county. In December the rivers Wey and Mole burst their banks flooding the centre of the county in areas such as Godalming, Dorking and Leatherhead. Then in February the River Thames caused flooding in the north of the county in Runnymede, Elmbridge, Spelthorne and other locations.

The cost associated with the immediate action taking in the aftermath of the flooding is estimated to be £6.5m. This includes items such as sandbags, tree clearing and support from other fire services.

Local authorities can apply for a grant from the Department for Communities and Local Government (DCLG) to compensate for costs (above a certain threshold) incurred from their immediate actions connected to a disaster or emergency. The grant is defined by the Bellwin scheme. The threshold for the council in relation to the flooding is £1.6m. The Council has registered for the scheme and has till 30 May 2014 to incur eligible expenditure.

The majority of the flooding damage has been to the road network and other highways infrastructure. It is estimated it will cost £22.5m to repair roads and other infrastructure assets that have been damaged over the past two years due to severe weather, with flooding and excessive rainfall this winter and snow and ice last winter. It is very unlikely the council will receive any funding for road repairs under the Bellwin scheme due to additional highways funding provided by the Department for Transport.

The Department for Transport (DfT) made £70m available to local highways authorities under the Severe Weather Recovery Scheme. This grant was distributed based on the miles of road and number of bridges damaged by flooding. The council received £3.4m of revenue funding under this scheme in March 2014.

The Department for Transport (DfT) also made an additional allocation of £103.5m of capital funding to Highways authorities in March 2014 to help repair damaged roads. This funding was distributed based on the total miles of road maintained by each authority and the council received £1.9m under this scheme.

The Department for Transport also has a £168m pothole fund that local highways authorities will need to apply to and bid for funding. The closing date for application is the 22 May 2014 and the council is currently preparing a bid.

Revenue budget

1. The revenue budget for the 2013/14 financial year, including schools, included £23.0m support from earmarked and general reserves and £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The outturn position for services' net revenue budget is -£5.6m underspent and -£6.9m for the Council overall, including -£1.3m on local taxation.
2. At its meeting on 22 April 2014, Cabinet approved £4.9m revenue carry forwards from 2013/14 to 2014/15. Environment & Infrastructure has submitted a further request to carry forward £0.5m (paragraph 36). If Cabinet approves this further carry forward request it would lead to a residual -£1.4m underspend. This would be transferred to General Balances.
3. Table 1 shows the year end net revenue outturn for services and the Council overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

Table 1: 2013/14 Revenue budget - net outturn by directorate

February forecast variance	Directorate	Full year (revised) budget £m	Full year outturn £m	Full year variance £m	Carry forward £m	Revised variance
5.2	Adult Social Care	337.3	342.5	5.2	0.1	+5.3
-1.6	Children, Schools & Families	180.7	179.0	-1.7	0.7	-1.0
0.0	Schools (gross exp £512.3m)	0.1	0.1	0.0		0.0
-0.7	Customer & Communities	60.0	59.4	-0.6	0.8	+0.2
3.1	Environment & Infrastructure	130.5	132.0	1.5	1.0	+2.5
-6.2	Business Services	83.1	77.0	-6.1	2.0	-4.1
-0.5	Chief Executive's Office	16.4	16.3	-0.1		-0.1
-4.3	Central Income & Expenditure	-196.9	-200.7	-3.8	0.9	-2.9
-5.1	Service net budget	611.2	605.6	-5.6	5.5	-0.1
-1.3	Local taxation	-599.3	-600.6	-1.3		-1.3
-6.4	Overall net budget	11.9	5.0	-6.9	5.5	-1.4

4. The outturn underspend on services is a net result of: Adult Social Care not fully achieving its innovative FF&C strategy (+£5.2m), plus flood repairs, waste management pressure and support for local bus routes (+£1.5m); offset by net underspends in Children, Schools & Families (-£1.7m), Business Services (-£6.1m), Customer & Communities (-£0.6m), Chief Executive's Office (-£0.1m) and Central Income & Expenditure (-£3.8m).
5. Overall funding for schools is from specific government grant (Dedicated Schools Grant (DSG)). A formula agreed under statute determines each schools' funding and expenditure decisions are the responsibility of each school's governing body.

6. Table 2 summarises the main movements between February forecast year end and outturn. The Directorate commentaries provide further information.

Table 2: 2013/14 Revenue budget outturn variance by directorate

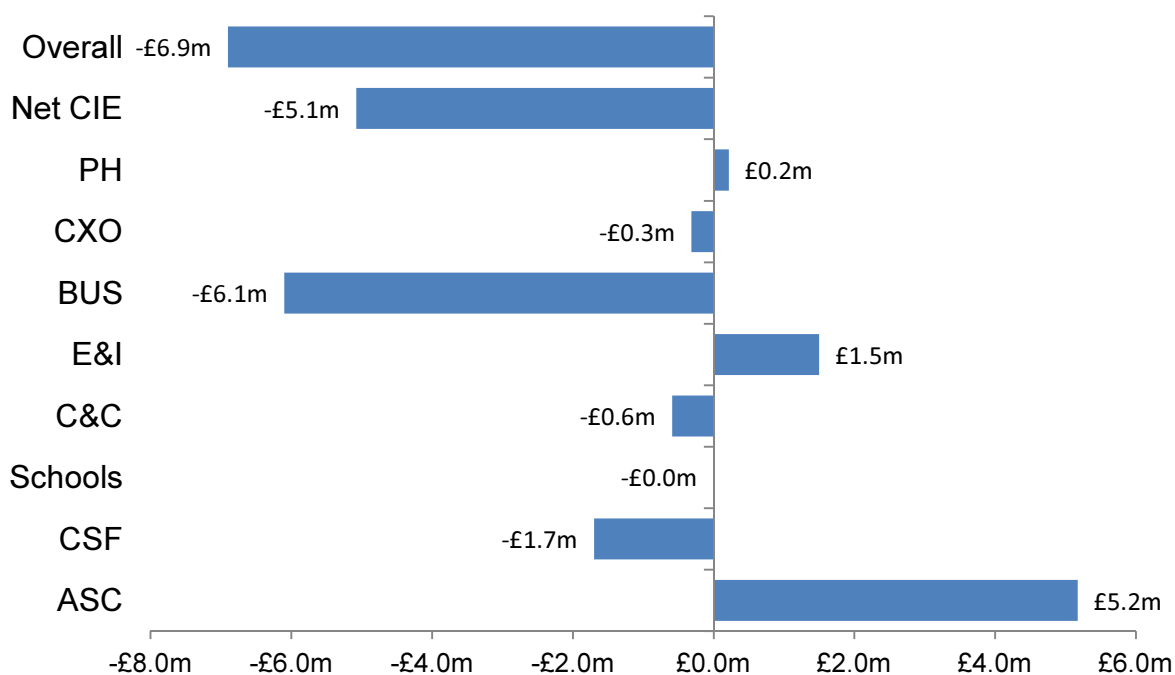
Directorate	Feb YE variance	Movement	Outturn variance
	£m	£m	£m
Adult Social Care (ASC)	5.2	0.0	5.2
Children, Schools & Families (CSF)	-1.6	-0.1	-1.7
Schools	0.0	0.0	0.0
Customer & Communities (C&C)	-0.7	+0.1	-0.6
Environment & Infrastructure (E&I)	3.1	-1.6	1.5
Business Services (BUS)	-6.2	+0.1	-6.1
Chief Executive's Office (CEO) including Public Health (PH)	-0.5	+0.4	-0.1
Central Income & Expenditure (CIE)	-4.3	0.5	-3.8
Service net budget	-5.0	-0.6	-5.6

Significant movements	Movement £m	Directorate
Genito-Urinary Medicine funding under absorption	+0.3	CEO
Reduced flooding costs and slippage	-1.6	E&I
Reserves offset by income	+0.7	CIE
Overall movement	-0.6	

Note: All numbers have been rounded - which might cause a casting error

7. Figure 2 shows services' gross expenditure variances at outturn, exclusive of carry forward amounts. Table App3 in the appendix to this annex shows the overall outturn income and expenditure.

Figure 2: Outturn expenditure variance



8. Below, each directorate summarises its outturn year end income and expenditure position and service and policy financial information. These explain the variances,

their impact and services' actions to mitigate adverse variances. Table App1 in the appendix to this annex shows budget movements during the year.

Adult Social Care

Table 3: Summary of the revenue outturn for the directorate

Adult Social Care	Full year (revised) budget £m	Full year outturn £m	Full year variance £m
Income	-69.0	-81.5	-12.5
Older People	163.4	176.3	12.9
Physical Disabilities	47.4	49.0	1.6
Learning Disabilities	125.5	131.6	6.1
Mental Health	9.1	9.6	0.5
Other Expenditure	60.9	57.5	-3.4
Total by service	337.3	342.5	5.2

Note: All numbers have been rounded - which might cause a casting error

9. The outturn position for Adult Social Care is +£5.2m (1.6%) overspent, which is no change from the interim outturn forecast.
10. A projected overspend was highlighted as a risk during 2013/14 budget planning and should be viewed in the context of ASC's very challenging MTFP savings target of £45.9m plus £2.9m demand pressures arising in year. The Directorate succeeded in achieving £34.4m of savings (excluding sums drawn down) which is the most achieved in any year to date (the appendix gives outline analysis of these savings). However, the Directorate did not achieve the full £48.8m savings required to achieve the budget, due principally to difficulty implementing the Family, Friends & Community Support (FFC) programme, as explained below. To mitigate the impact on the 2013/14 budget, the Directorate obtained permission to draw down £9.2m of balances from previous years as follows:
 - £7.5m of unused 2011/12 Whole System Funding, approved by Cabinet in the September 2013 monitoring cycle and drawn down in October 2013.
 - £1.7m of previous years' Winter Pressures funding, approved by Cabinet in the October 2013 monitoring cycle and drawn down in November 2013.
11. The most significant element of the Directorate's savings plans is FFC. It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while reducing direct costs to the Council. ASC continues to implement the FFC strategy and it has been a key driver in the recent Rapid Improvement Events on the social care and financial assessment processes.
12. The FFC savings target for 2013/14 was £15.5m. To succeed, FFC requires fundamental cultural shift and considerable levels of system changes and community developments. The necessary conditions proved to be harder than expected to put in place, and so the savings were not made in 2013/14. Actions are under way to ensure that 2014/15 is different, and FFC is forecast to deliver £35m of ongoing savings over the 2014-19 MTFP period.

13. The key driver of the underlying pressures ASC faces is individually commissioned care services (also known as spot care). The gross spend in 2013/14 on spot care, excluding Transition (which are clients moving from children's social care to adults social care), was on average £21.6m per month for April to March. That compares with £21.3m in the last quarter of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased to the budgeted level of £19.9m as planned through the delivery of the FFC savings programme.
14. In light of the specific nature of the following areas, carry forwards have been approved by Cabinet as follows.
- £35k First Point – carry forward of non ring-fence unused grant funding received for set up costs for the Community Interest Company.
 - £39k Employability – funding for the Not in Education, Employment or Training (NEET) and Travel Smart programmes that are continuing into 2014/15.
 - £45k Apprenticeship one-off funding – due to recruitment delays for these posts

Table 4: Summary of Adult Social Care outturn

	£m
ASC MTFP efficiency target	-45.9
Additional demand pressure above those anticipated in MTFP 2013-18	2.9
Revised efficiency target	48.8
Total savings achieved before draw downs	-34.4
Whole Systems Funding 2011/12 draw down	-7.5
Winter Pressure Funding 2011/12 draw down	-1.7
Total forecast savings	-43.6
Under / (over) performance against MTFP target	5.2

Children, Schools & Families

Table 5: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year outturn	Full year variance
	£m	£m	£m
Children, Schools & Families			
Income	-139.4	-139.7	-0.3
Strategic Services	5.8	5.4	-0.4
Children's Services	89.0	91.9	2.9
Schools and Learning	199.6	195.2	-4.4
Services for Young People	25.7	26.2	0.5
Total by service	180.7	179.0	-1.7

15. Children, Schools and Families (CSF) outturn position is a -£1.7m underspend, an increase compared to the forecast underspend of -£1.6m.
16. Within CSF the main pressure areas were in Children's Services and increasing demand for transport for children with special education needs (SEN). This was more than offset by an improved trading position for Commercial Services and underspends elsewhere, mainly within Schools & Learning.

Children's Services

17. Children's Services overspent by +£2.9m. The main reasons for this are a combination of rising demand, increased complexity of need and some price increases.
18. Higher demand led to overspends in the following areas.
 - Higher numbers of agency placements earlier in the year generated a +£0.4m overspend. Placement numbers reduced towards the end of the year although additional pressure arose due to remand placements needed at £4,000 a week.
 - Fostering and adoption allowances costs were +£0.6m greater than budgeted. This was mainly due to higher numbers of fostered children, an average of 503, compared to the number the service budgeted for (474). In addition the number of Special Guardianship Orders (SGOs) increased. An additional 65 SGOs were made in 2013/14 compared to an additional 45 in 2012/13.
 - The budgets for leaving care and asylum seekers overspent by +£0.8m as the number of care leavers and asylum seekers with no recourse to public funds is higher than experienced in 2012/13 when an overspend also occurred.
19. Expenditure on area care services was +£0.4m above budget. This was mainly due to an increase in the instances and cost of court proceedings, as well as increasing costs for supervised contact and SGOs and residence orders compared to 2012/13.
20. Difficulties continue recruiting permanent social workers in area teams with a resulting reliance agency staff. This led to a +£0.5m overspend. This is an ongoing problem and CSF is working to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in the North East Area to grow our own skilled workforce. The results of these initiatives will take time to be realised. Overall the staffing budget across Children's Services is in line with the budget due to turnover and careful management of vacancies.
21. The budgets for children with disabilities overspent by +£1.8m due to a combination of rising demand, greater complexity of need and the service being unable to achieve its planned savings in these circumstances. During 2013/14 the service saw an additional 34 cases (+4%) and an increase in unit costs of 4.7% reflecting increasing complexity. The overspend in part relates to the budget reduction for the MTFP efficiency in this service area (£1.5m) which the service has not been able to achieve. Underspends elsewhere in the directorate offset the impact of this overspend
22. Offsetting these overspends within Children's Services were net underspends of -£1.5m across Children's Services planned to alleviate cost pressures.

Schools & Learning

23. Schools & Learning outturn position is a -£4.4m underspend including a -£2.8m underspend on DSG services.
24. The main pressure on the Schools & Learning budget was a +£2.4m overspend on home to school transport. The school transport service already faced a budget pressure of £0.7m reported as an overspend in the 2012/13 outturn report. In addition to this, pupil numbers and costs have continued to rise, particularly around SEN, leading to additional costs of +£1.0m.

25. Offsetting the transport overspend is a -£3m underspend on centrally held budgets. This is mainly against the budget for demographics and inflation. Given its £7m savings requirement, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the impact of funding changes would not become clear until the start of the new academic year. In addition resources earmarked for new post 16 responsibilities were not required in full.
26. The financial position of Commercial Services improved over the year resulting in a higher than budgeted contribution to corporate overheads of -£1.5m mainly as a result of additional income.
27. Services funded by DSG underspent by -£3.1. The main reason was lower demand for two, three and four year old nursery provision than the grant funding that underpins the budget (-£2.3m). Overall DSG funded SEN services underspent by -£0.7m, a combination of lower costs for mainstream support and additional recoupment income, offset by growing demand for paediatric therapy services (+£0.8m).

Services for Young people and Strategic Services

28. Services for Young People overspent by +£0.5m although additional income brings this down to +£0.2m. Strategic Services underspent by -£0.4m mainly because resources set aside for one off service initiatives were not required in 2013/14.

Schools (delegated budget)

Table 6: Summary of the revenue outturn for the delegated schools budget

	Full year (revised) budget	Full year outturn	Full year variance
Summary	£m	£m	£m
Income	-513.5	-539.1	-25.6
Expenditure	513.5	539.1	25.6
Net position	0.1	0.1	0.0

Note: All numbers have been rounded - which might cause a casting error

29. The outturn position reflects the other income remitted by schools for school dinners, parent donation and contributions and associated expenditure.

Customer & Communities

Table 7: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget	Full year projection	Full year variance
	£m	£m	£m
Income	-24.2	-25.1	-0.9
Expenditure	84.1	84.4	0.3
Net position	60.0	59.4	-0.6
Net summary by service			
Cultural Services	10.8	10.6	-0.2
Fire & Rescue	35.7	36.6	0.9
Customer Services	4.0	3.9	-0.1
Trading Standards	2.2	2.1	-0.1
Community Partner & Safety	4.1	3.2	-0.9
County Coroner	1.0	1.2	0.2
C&C Directorate Support	2.2	1.8	-0.4
Total by service	60.0	59.4	-0.6

Note: All numbers have been rounded - which might cause a casting error

30. The directorate underspent by -£0.6m (+£0.1m change since the end of February).
31. Underspends arose predominantly within Community Partnership & Safety against the Community Improvement Fund (£677,000) and Members' allocations (£160,000) for committed projects awaiting grant conditions to be met before funds are released. The carry forwards Cabinet approved will enable payments for these to be made within the new financial year without affecting the 2014/15 budget.
32. Further underspends were achieved within: Directorate Support (£0.4m) by achieving 2014-15 MTFP efficiencies in advance; Registration (£0.2m) from increased income generation; and Customer Services (£0.1m) and Trading Standards (£0.1m) from staffing and miscellaneous savings.
33. These underspends were partly offset by pressures within Fire (£1.0m) mainly due to the cost of responding to the recent flooding, and the Coroner (£0.1m) where legislative changes resulted in the increased cost of inquests. The full year effect of the latter (estimated at £0.2m) has been built into the MTFP.

Environment & Infrastructure

Table 8: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget £m	Full year projection £m	Full year variance £m
Income	-18.6	-20.0	-1.4
Expenditure	149.1	152.0	2.9
Net	130.5	132.0	1.5
Net summary by service			
Environment	61.0	62.0	1.0
Highways	43.2	45.0	1.8
Economy, Transport & Planning	26.1	24.8	-1.3
Other Directorate Costs	0.2	0.2	0.0
Total by service	130.5	132.0	1.5

34. The final position for Environment & Infrastructure (E&I) is a +£1.5m overspend. The overspend reduced by £1.6m from the position forecast at the end of February. This is primarily associated with flood response works, where costs are lower than expected and some works span financial years and will be completed in 2014/15.
35. The final overspend comprises several offsetting variances. Highway maintenance overspent by +£2m, primarily due to additional costs associated with flooding. Waste management overspent by +£1m primarily due to the need for external specialist advice needed to complete the contract variation successfully. Local bus support overspent by +£0.6m due to difficulty achieving planned contract savings and also several instances where bus routes are no longer commercially viable and need financial support from the Council. These overspends were offset by a number of underspends including: delays to economic development projects and development of major transport schemes (-£0.6m), additional Highways capital recharges (-£0.4m), underspends against project related budgets in the Strategy team (-£0.3m) and concessionary fares (-£0.3m) due to fewer passenger journeys.
36. At its meeting in April, Cabinet approved carry forward of underspends totalling £0.5m. E&I now requests to carry forward a further £0.5m as set out below and the following page.

Carry forward	Amount	Reasoning
Strategy / Surrey Growth Fund	£0.033m	Carry forward of the remaining underspend to complete projects agreed by the Deputy Leader.

Carry forward	Amount	Reasoning
Strategy / New Homes Bonus	£0.288m	Carry forward of the remaining underspend, which relates to NHB grant carried forward from 2012/13 and not spent during 2013/14. This is required to enable development of business cases for major transport schemes. In March both LEPs submitted Strategic Economic Plans to Government setting out schemes to unlock growth potential in a number of key towns in Surrey. Clarity around funding approvals is expected in the Autumn, with SCC required to submit business cases for funding by March 2015. These business cases require scheme design, transport modelling, benefits appraisal and consultation.
Local Sustainable Transport Fund / New Homes Bonus	£0.204m	SCC's match funding contribution to LSTF is funded through the NHB grant. This funding was not required in 2013/14 as grant funding was used first, but it will be required in 2014/15.
Total	£0.525m	

Business Services

Table 9: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget £m	Full year outturn £m	Full year variance £m
Income	-14.9	-16.3	-1.4
Expenditure	98.0	93.3	-4.7
Net expenditure	83.1	77.0	-6.1
Net summary by service			
Property	32.0	28.2	-3.8
Information Management & Technology	23.3	23.5	0.2
Human Resources & OD	8.4	7.9	-0.5
Finance	8.8	8.3	-0.5
Shared Services	4.2	3.9	-0.3
Procurement & Commissioning	3.3	3.3	0.0
Business Improvement	3.1	1.9	-1.2
Total by service	83.1	77.0	-6.1

37. Business Services' 2013/14 outturn is a -£6.1m underspend. The directorate has delivered 2013/14's efficiency savings (-£3.1m) and has brought forward some of 2014/15's (-£1.3m).

38. The final year end expenditure is £0.2m more than estimated in February and in the flash report to Cabinet in April. This is mainly due to higher demand-led IMT spending. The -£6.1m full year underspend includes achieving 2014/15 efficiencies early (-£1.3m) increased one off income (-£0.6m) and one off savings (-£4.1m).
39. Property's outturn is -£3.8m underspend (the same as estimated in February). The service has achieved -£0.7m 2014/15 efficiencies early. The one off underspend is mainly as a result of delays to the planned maintenance programme due to the adverse weather of -£1.2m. Cabinet has agreed to carry forward £1.0m of this. There was also a -£0.8m saving on utilities as the weather was not as cold as expected. The service received -£0.4m one off rate rebates and also exceeded income targets by -£0.3m.
40. The Making a Difference programme is on track to deliver savings of £6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and changes in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference saving of -£1.2m. The service plans to roll this project out by the end of the 2014 calendar year.
41. HR and Organisational Development's outturn is a -£0.5m underspend, the same as estimated in February. The service achieved -£0.3m of 2014/15 efficiencies early and the one off underspend is mainly due to staffing vacancies. Cabinet approved a £0.3m carry forward to meet the Council's internal target of 100 apprentices in 2014/15.
42. Finance's outturn is a -£0.5m underspend. As well as delivering -£0.2m 2014/15 efficiencies early, the service had one off savings mainly as a result of staffing vacancies.
43. Shared Services' outturn is a -£0.3m underspend, the same as forecast at the end of February. The service has achieved -£0.2m of 2014/15 efficiencies. A new earmarked reserve will be created and to which this £0.5m will be transferred for use in future years.
44. IMT's outturn is a +£0.2m overspend. This includes a +£1.2m overspend from user volume increases, offset by savings in other areas such as the Unicorn contract and hardware and software applications. MTFP 2014-19 addresses the volume related pressures.

Chief Executive's Office

Table 10: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year outturn	Full year variance
Summary	£m	£m	£m
Income	-27.8	-24.9	2.9
Expenditure	44.2	41.2	-3.0
Net	16.4	16.3	-0.1
Net summary by service			
Strategic Leadership	0.4	0.4	0.0
Legacy	0.6	0.6	0.0
Emergency Management	0.5	0.8	0.3
Communications	2.0	1.9	-0.1
Legal & Democratic Services	9.7	9.4	-0.3
Policy & Performance	3.2	3.0	-0.2
Public Health	0.0	0.2	0.2
Total by service	16.4	16.3	-0.1
<u>Public health analysis</u>			
Public Health - Income	-26.5	-23.6	2.9
Public Health - expenditure	26.5	23.8	-2.7
Public Health - net expenditure	0.0	0.2	0.2

45. The directorate outturn is a -£0.1m underspend against a £16.4m total revenue budget.
46. The -£0.1m underspend is predominantly due to one-off savings against the Local Elections budget (-£0.2m) establishment staff vacancies (-£0.3m) and service savings (-£0.1m) across the directorate. These underspends were partly offset by an Emergency management overspend (+£0.3m) due to the costs of responding to the recent flooding. The costs incurred include staff overtime payments, the provision of sandbags, emergency transport and other responsive costs. There is also an overspend in Public Health (+£0.2m)
47. In determining the Public Health grant allocation to SCC, the Department of Health (DH) misallocated £3.3m of the Genito-Urinary Medicine (GUM) funds, which instead were transferred to the NHS Clinical Commissioning Groups (CCGs). DH accepted this was an error, but asked for it be resolved locally. However, only £0.2m has been received from the CCGs, which is reflected in these accounts.
48. The other ongoing budget issue which is being investigated is the cost of prescribing drugs related to the Public Health Agreements. It has come to light nationally that local authorities may be recharged for such costs by the NHS Business Services Authority and that this amount had not been included in councils' baseline allocations. Initial estimates show Surrey's liability could be in the region of £1.9m. As this is a national issue the Director of Public Health (DPH) is working with other DPHs to progress this matter nationally with DH. No accruals have been made in respect of this activity in 2013/14, but it is considered a contingent liability in the final accounts.

49. Miscellaneous income included the remaining funds of a transition grant, dental trainee salary grant and small one off funds and reimbursements.
50. Due to the fact that a number of staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, Public Health have had several vacancies during 2013/14, including many at senior level. PH took the opportunity to recruit in a measured way given the budget shortfall. All vacancies in the agreed structure were filled by January and all staff have now started.
51. Despite needing to monitor contract payments closely, as a result of the GUM funding misallocation, Public Health delivered a strong service during the year through the full range of services including: sexual health, substance misuse (including alcohol), school nursing, obesity, physical activity, smoking and health checks.
52. Specific achievements include delivering health checks for the first time in the county, reducing the alcohol hospital admissions rate, reducing teenage conception rate, assisting with the emergency relief efforts for the Surrey floods.
53. There was a particularly high demand (£3.7m) for GUM services across the country. This is one of the 5 mandatory requirements from the Health and Social Care Act 2012. This area will be closely monitored in 2014/15 and contracts reviewed to contain the cost impact where possible.

Central Income & Expenditure

Table 11: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year projection	Full year variance
Summary	£m	£m	£m
Income	-257.3	-259.4	-2.1
Expenditure	60.4	58.7	-1.7
Net	-196.9	-200.3	-3.8
Local Taxation	-599.3	-600.6	-1.3
Net position	-796.2	-801.3	-5.1

54. Central Income & Expenditure's outturn for 2013/14 is -£5.1m underspend. It differs from the -£5.6m underspend forecast at the end of February for the following reasons.
- The final quarter receipt of Education Support Grant was less than anticipated by £0.6m.
 - During March 2014, the Council approved a number of redundancies. However, the number and the value was not as large as forecast, leading to an underspending of £0.8m.
 - the 2012/13 external audit report recommended the Council review its provision for potential claims in respect of closed landfill waste sites. This assessment is now complete and a £0.7m transfer to the provision has been charged against this budget.

55. The Medium Term Financial Plan included a business rates top up grant of £2.4m, this grant was not received by the Council in 2013/14. In addition, the Education Support Grant has also been reduced by £0.8m, due to schools attaining academy status. However, this is offset in 2013/14 by additional grant income which was not included in the MTFP which was greater than the shortfall. These include;
- Local Authority Central Spend Efficiency Grant (£1.4m),
 - Adoption Reform (£2.0m)
 - Small Business & Empty Property Rate Relief Grant (£0.7m)
 - Council Tax Transition Grant (£0.3m),
 - HM Courts Service (£0.2m).
56. In addition, in 2013/14 local business rates collection yielded £1.3m more revenue than expected and the Small Business & Empty Property Rate Relief Grant of £0.7m more.
57. The final quarter receipt of the Adoption Reform Grant of £0.5m has been carried forward on the Balance Sheet and will be vired to Children, Schools and Families during 2014/15.
58. Capital financing costs are lower than budget, made up of:
- Interest payable -£2m – In setting the budget, the council assumed that it would use its cash balances to fund capital expenditure in place of borrowing externally. However, a provision was made against any external borrowing being undertaken. The Council has been able to maintain its internal borrowing strategy throughout 2013/14 and therefore this budget is forecast to underspend by -£0.5m. In addition, there is a further -£1.6m of unspent New Homes Bonus within the interest payable budget, of which £0.7m has been approved to be carried forward.
 - Interest receivable was over-recovered by around -£1.2m due to higher cash balances held at the beginning of the year as a result of the up-front payment of a number of Government Grants.
 - The Minimum Revenue Provision (MRP) is money set aside to repay debt and is calculated on the audited balance sheet at 31 March 2013. Following the unqualified audit of the statement of accounts in September, this budget is -£0.5m underspent, and will remain at that level at year end.
59. During January 2014 the Council agreed to sell the outstanding debt relating to the Icelandic bank Landsbanki. The income from this sale was received during February and included the interest due on the initial investment of £0.5m. This has been included in both the year to date and full year variance for interest receivable. Offsetting this is the impairment of the initial investment for the amounts not being recovered which is included against the interest payable budget.
60. During March a number of redundancies were approved, this has enabled the redundancy outturn to be adjusted, and there will now be an underspend on this budget of £0.8m.
61. In April 2013 the Council was required to auto-enrol its staff into the relevant pension scheme. The MTFP made a provision for additional cost of this, based on the nine months year to date position at the time, the actual underspend is -£1m.

Revolving Infrastructure & Investment Fund

Table 12: Summary of the revenue outturn for the fund

	February 2014 forecast	Full year outturn
Summary 2013/14	£m	£m
Income	-2.4	-3.0
Expenditure	0.3	0.8
Funding	1.4	1.5
<hr/>		
Net revenue position	-0.7	-0.7
Capital spend (including investments as well as property)	40.3	40.2

62. The Revolving Infrastructure & Investment Fund was established in MTFP 2013-18 to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. The mechanics of the fund is to transfer the net revenue position to the Revolving Infrastructure and Investment reserve at year end. Therefore the year end transfer to the reserve is +£0.7m and the revenue position does not impact on the outturn.
63. The infrastructure and investment portfolio now includes a total of seven properties (acquired for future service delivery), loans to the Woking Bandstand Joint Venture company and a small investment in FutureGov. The portfolio has generated income of £0.7m in 2013/14, after the deduction of expenses and capital funding costs.
64. Funding costs are charged to the Revolving Infrastructure & Investment Fund to reflect the opportunity cost of using internal capital resources. As additional borrowing has not yet been needed, the assets noted above have actually delivered net income of £2.2m for the year, with the additional income of £1.5m being recorded against the Central Income & Expenditure offsetting interest payable.
65. Capital expenditure of £40.2m has been incurred this financial year, in addition to £9.5m incurred in 2012/13, bringing the total investment made to date to £49.7m.

Staffing costs

66. The council employs three categories of staff.
- Contracted staff are employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
 - Bank staff are contracted to the Council and paid through the payroll but have no guaranteed hours.
 - Agency staff are employed through agencies the Council contracts with.
67. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly so in social care.
68. A sensible degree of flexibility in the staffing budget is good, as it allows the Council to keep a portion of establishment costs variable. In 2013/14 approximately 92% of costs were due to contracted staff.
69. The Council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and is converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.
70. The Council's total staffing budget for 2013/14 was £313.0m based on 8,025 budgeted FTEs.
71. Table 12 shows the staffing expenditure and FTEs for the full year against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: other councils, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

Table 12: Staffing costs and FTEs 2013/14

	Staffing budget to		Staffing spend by category				2013/14	
	Mar 2014 £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	occupied contracted FTE
Adult Social Care	71.8	62.7	3.6	2.0	68.2	-3.6	2,187	1,865
Children Schools & Families	104.6	95.0	5.0	4.1	104.1	-0.5	2,690	2,486
Customer and Communities	57.3	51.2	1.1	4.8	57.0	-0.2	1,507	1,413
Environment & Infrastructure	23.1	21.9	0.9	0.5	23.3	0.2	524	514
Business Services and Central Income & Expenditure	42.1	38.6	3.1	0.1	41.8	-0.2	892	839
Chief Executive's Office	13.4	11.8	0.2	0.2	12.2	-1.2	225	240
Total	312.2	281.1	13.8	11.7	306.6	-5.6	8,025	7,357

Note: All numbers have been rounded - which might cause a casting error

72. The most material variance is a -£3.6 underspend in ASC due to recruitment delays, mainly in reablement and front line teams. However, such staffing savings are counterproductive as they reduce the directorate's ability to implement key strategic savings plans such as FF&C and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.

73. Table 13 shows there are 668 “live” vacancies, for which active recruitment is currently taking place, with 500 of these in social care. Many vacancies are covered on a temporary basis by either agency or bank staff, the costs of which are shown in Table 13. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest way to measure this is to look at the actual expenditure as shown in Table 13 (agency and bank staff).

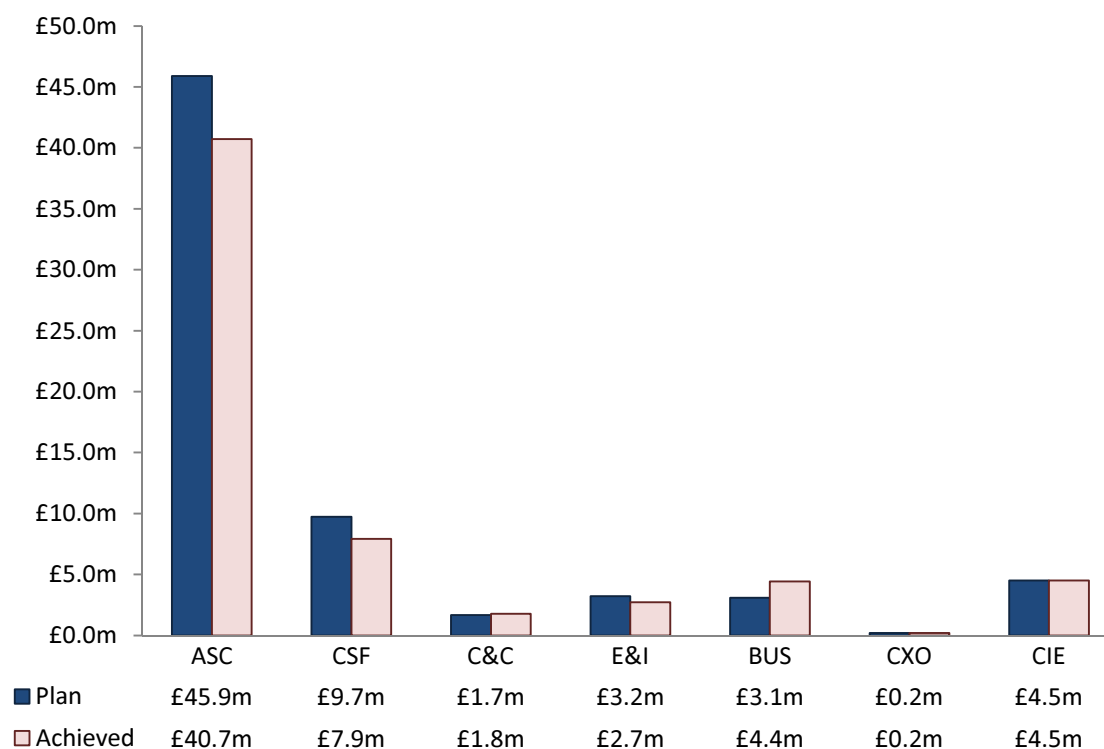
Table 13: full time equivalents in post and vacancies

	March FTE
Budget	8,025
Occupied contracted FTE	7,357
“Live” vacancies (i.e. actively recruiting)	668

Efficiencies

74. MTFP 2013-18 incorporates £68.3m of expenditure efficiencies. Overall, the Council achieved £62.3m by year end, an under achievement of -£6.0m.
75. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress. Directorates have evaluated efficiencies on the following risk rating basis:
- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place.
 - AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place
 - GREEN – Plans in place to take the actions to achieve the saving
 - BLUE – the action has been taken to achieve the saving.

Figure 3: 2013/14 achieved against 2013/14 budgeted overall efficiencies



76. The bulk of the -£6.2m variance is from ASC (-£5.2m), largely due to slippage in the innovative FF&C strategy as outlined above in the directorate's revenue budget commentary.
77. Under achievements in CSF (-£1.8m) and E&I (-£0.5m) remain as reported for December. CSF has experienced delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages and pressures on the transport budget. E&I had an underachievement of -£0.4m on the bus service contract savings. This is offset through Business Services overachievement by bring forward (+£1.3m) 2014/15 efficiencies. The appendix to this annex provides further details of the directorates progress in achieving the 2013/14 efficiencies.

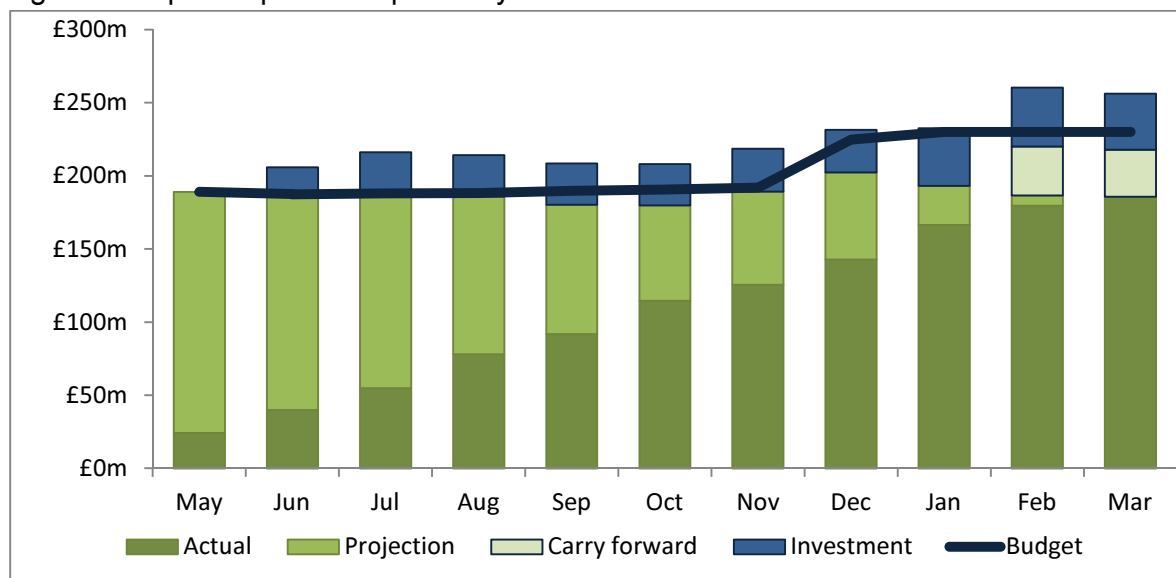
Capital

78. By planning significant capital investment as part of MTFP 2013-18, the Council demonstrated its firm long term commitment to supporting Surrey's economy.
79. Table 15 shows outturn expenditure for the service capital programme and long term investments of £224.1m against a budget of £230.1m. The material variances are summarised below.
- the school basic need programme (-£12.2m);
 - acquiring land for waste schemes (-£6.3m);
 - contract and adverse weather impeded site access to corporate projects (-£11.7m);
 - from archaeological finds at Guildford Fire Station (-£2.9m);
 - deliveries for the fire vehicle and equipment replacement programme and mobilisation control (-£2.6m);
 - safe cycle bid and economic regeneration projects, Local Sustainable Transport Fund and Redhill Balanced Network (-£4.4m);
 - obtaining planning permission to improve a travellers' site (-£1.4m);
 - Superfast broadband project (-£1.7m); and
 - long term investments (£37.7m)
80. There are other smaller variances in the capital programme within Adult Social Care (-£0.4m) and Children Schools and Families (-£0.7m).

Table 15: 2013/14 Capital expenditure position

	Revised full year budget £m	Actual £m	Full year variance £m	Flash carry forward approved £000s	Movement in carry forward £000s	Revised carry forwards £000s	Full year variance £000s
Adult Social Care	2.0	1.6	-0.4	0.1		0.1	-0.3
Children, Schools & Families	11.0	10.3	-0.7	0.5		0.5	-0.2
Customer & Communities	4.8	2.2	-2.6	2.5	0.1	2.6	0.0
Environment & Infrastructure	71.3	65.8	-5.5	6.0	-0.5	5.5	0.0
School Basic Need	54.3	42.1	-12.2	9.3	-8.9	0.4	-11.8
Business Services	75.3	54.0	-21.3	19.2	2.6	21.8	+0.5
Chief Executive Office	11.4	9.7	-1.7	1.8	-0.1	1.7	0.0
Total service programme	230.1	185.7	-44.4	39.4	-6.8	32.6	-11.8
Central investment assets	0.0	38.4	+38.4				+38.4
Total Overall	230.1	224.1	-6.0	39.4	-6.8	32.6	+26.6

Figure 4: Capital expenditure profile by month 2013/14



81. At its meeting of 22 April 2014, Cabinet approved a provisional amount of £39.4m to carry forward. Due to the final capital position changing for some of the carry forward amounts, Cabinet is asked to approve an amendment to the amount carried forward by -£6.8m. The main reasons for this include:
- the budget for schools basic need, where the 2014-2019 MTFP had included the amount of £8.9m re-profiled from 2013/14;
 - reductions for cycling schemes, Local Sustainable Transport Fund and Superfast Broadband totalling £0.9m; and
 - additional carry forward requests for Unicorn project (£1.224m), recurring property maintenance (£1.026m), property projects (£0.334m), completion of Walton Bridge (£0.323m), fire vehicles and equipment (£0.066m), member allocations (£0.002m)
82. The carry forwards relate to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.
83. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Cabinet subsequently reprofiled the capital budget for 2013/14 by -£2.5m, which reduced it to £184.8m. Up to 28 February 2014 the capital budget was updated for: new approved schemes; re-profiling requests and new grant funded schemes (+£2.7m); drawing down capital grants for Walton Bridge (£0.6m); wellbeing centres (£0.1m); purchasing Woking Magistrates Court (£0.9m); purchasing Quadrant Court (£21.3m); and reprofiling highway maintenance (£11.1m) and external funding from sources such as schools' parent teacher associations of £4.1m.
84. In March, the Council updated the capital budget for: further funding of £0.1m from local schemes, £2.1m external funding from sources such as schools' parent teacher associations and £1.1m for IMT replacement reserve and £1.9m for assorted highway schemes and Basingstoke canal. The revised capital budget for 2013/14 is £230.8m.
85. Table App4 in the appendix to this annex summarises the capital budget changes.

Appendix to Annex

The contents of the Appendix include these below items. Page numbers have not been supplied due to the document page numbers would be different to the Cabinet papers publication page numbers

Corporate performance scorecard – finance

Efficiencies & service reductions

Updated revenue budget

Updated capital budget

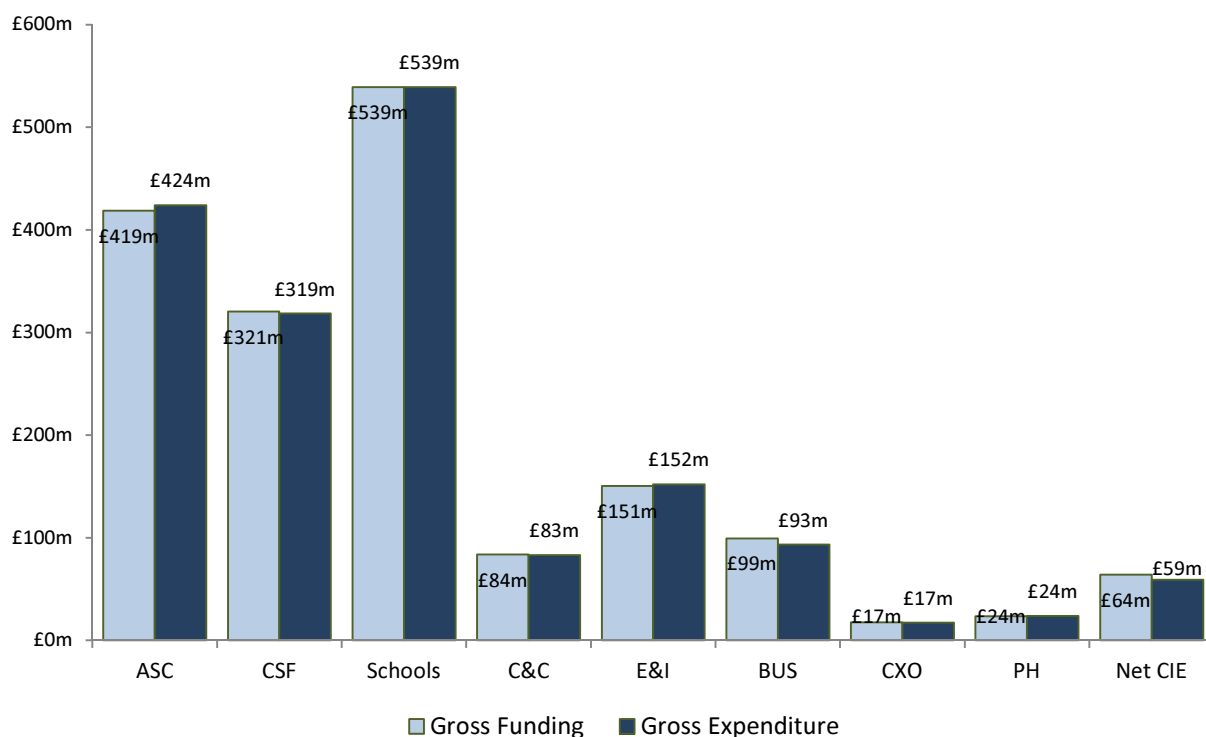
Earmarked reserves

Debt

Corporate performance scorecard – finance

- App 1. Figure App1 shows the gross funding and expenditure for the Council at outturn (as included in the quarterly corporate performance scorecard). Gross funding for a service is its receivable income plus its budgeted share of funding from the council's overall resources. The difference between gross funding and gross expenditure is the net budgetary variance. The amounts are by directorate and relate to the outturn position. Net CIE includes Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.
- App 2. The corporate performance scorecard also includes the year end outturn revenue position shown above in Figure 1.

Figure App1: 2013/14 Year end outturn revenue position

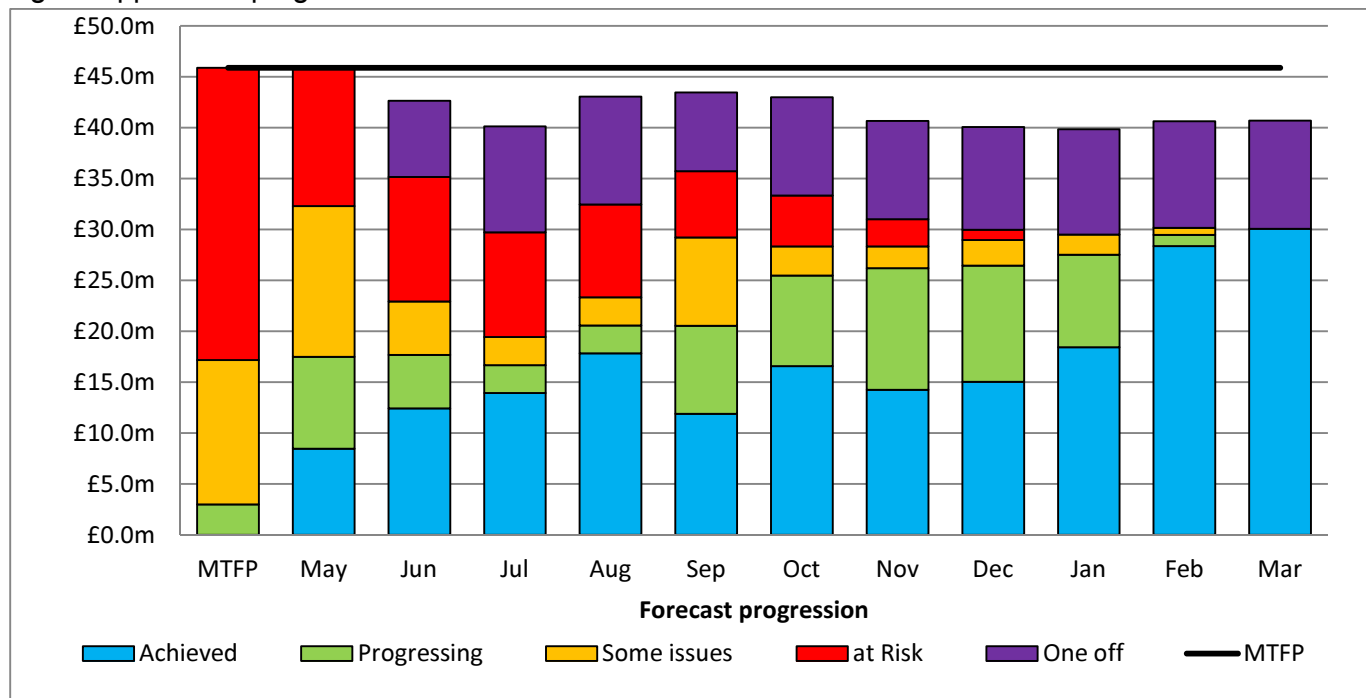


Efficiencies & service reductions

- App 3. The graphs below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies & service reductions.
- App 4. All the graphs use the same legend:
- Red – At risk,
 - Amber – Some issues,
 - Green – Progressing and
 - Blue – Achieved.
- App 5. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care

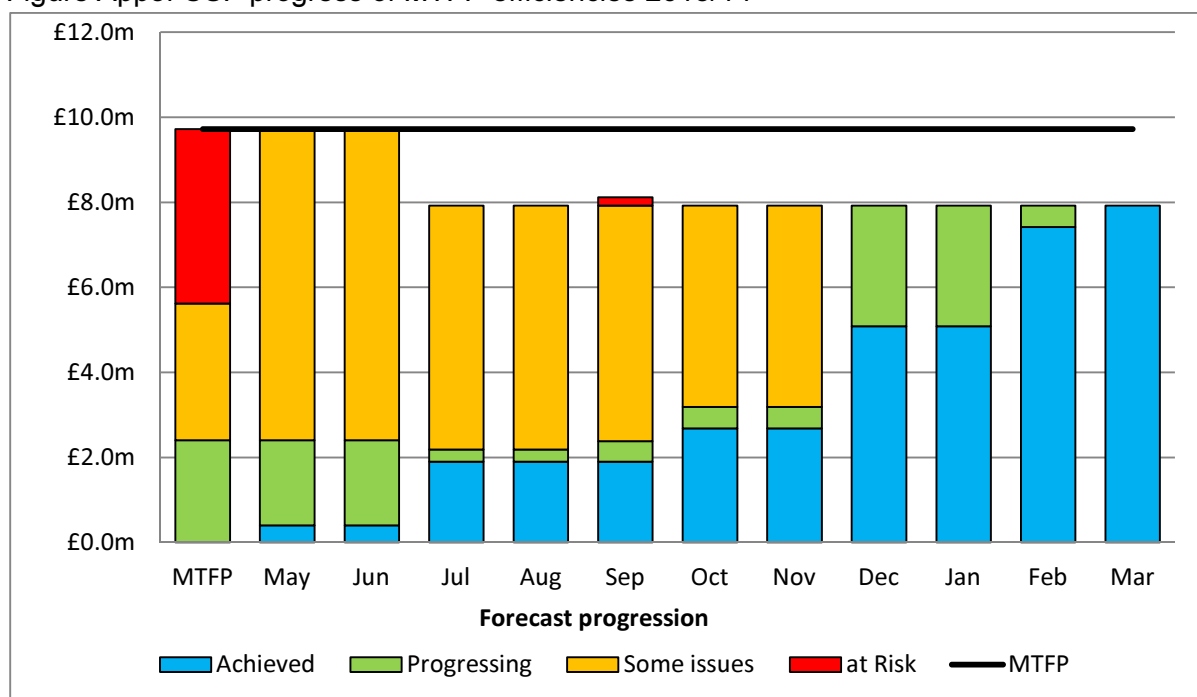
Figure App2: ASC progress of MTFP efficiencies 2013/14



App 6. Adult Social Care's MTFP savings target for 2013/14 was £45.9m. £2.9m of additional demand pressures arose during the year meaning ASC needed £48.8m of savings to balance the budget. The Directorate performed well in achieving total savings of £43.6m in 2013/14, 89% of the revised target, but this included £10.6m of unplanned one-off savings which also have to be found in the 2014/15 budget. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends and Community (FFC) support strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this was the first year of these ambitious plans, it was flagged as a significant risk during the budget planning process and although considerable work is ongoing to fully embed this new approach no savings were achieved in 2013/14. Therefore this will impact on 2014/15's budget. The under-achievement on the FFC programme combined with less significant shortfalls against other some savings plans was partially offset by £10.6m of unplanned one-off savings. The main one-off savings measures were draw downs of £7.5m of unused Whole Systems 2011/12 funds and £1.7m of previous years' Winter Pressures Funding. The Whole Systems funding was set aside by the Directorate as a contingency for the 2013/14 budget in light of the very challenging savings target. The Winter Pressures money was carried forward to offset anticipated increased demand over the 2013/14 winter period.

Children, Schools & Families

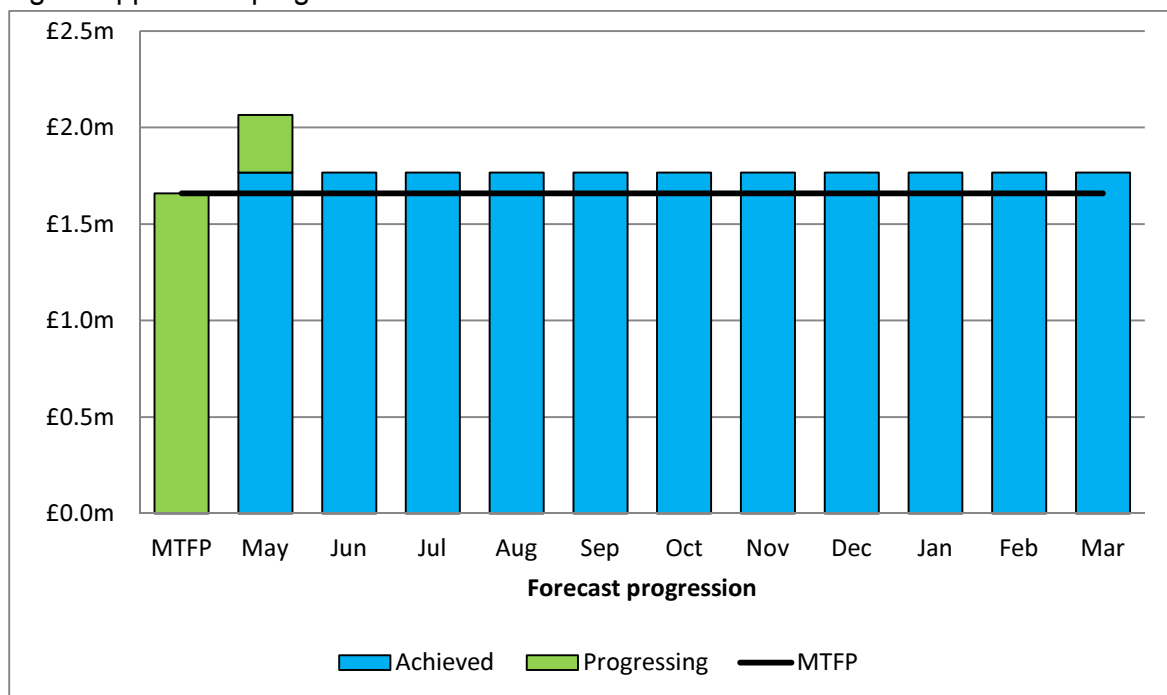
Figure App3: CSF progress of MTFP efficiencies 2013/14



- App 7. Two of the planned efficiencies were not achieved in 2013/14. Delays occurred in achieving the efficiencies planned in services for children with disabilities which together with the increasing demand for more complex care packages described above, meant the planned saving of £1.5m was not possible. Also, given the pressure on the transport budget the planned efficiency of £0.3m was not achieved.
- App 8. The £1.8m unachieved efficiency savings in 2013/14 have been reallocated in 2014/15 and are expected to be achieved along with the 2014/15 efficiency savings.
- App 9. The Directorate recognises the increasing financial pressures from 2015/16 in particular and through the Public Value Programme (PVP) will transform to deliver within a reducing funding base.

Customer & Communities

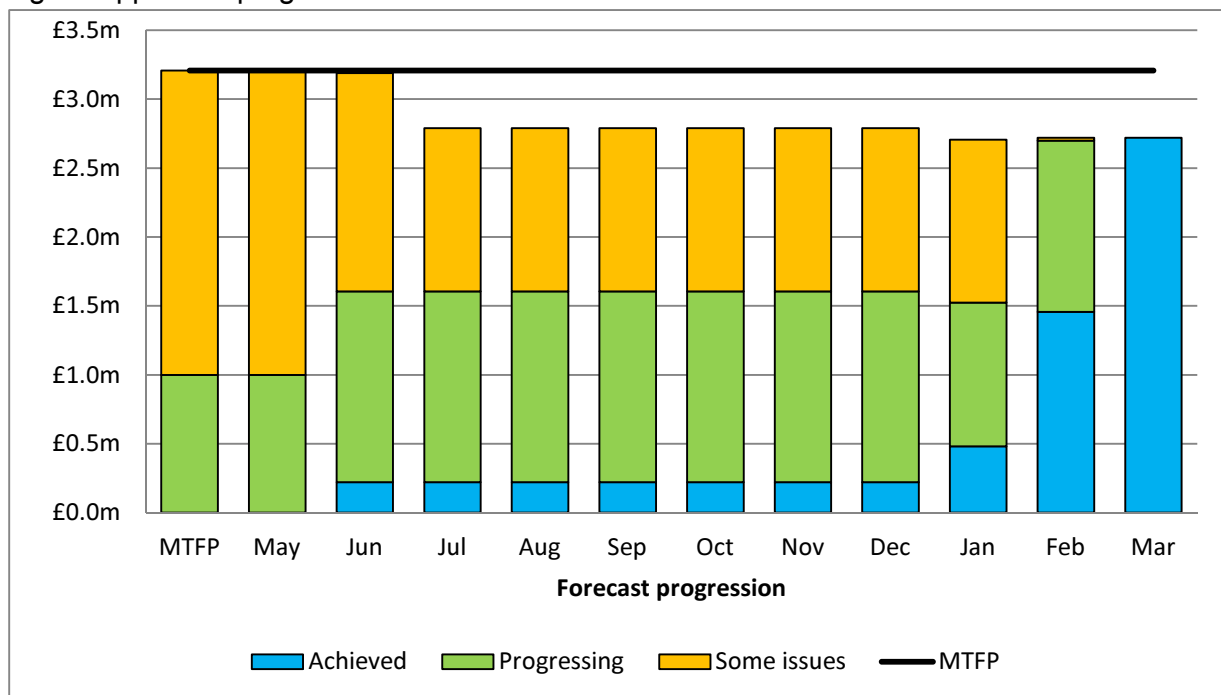
Figure App4: C&C progress of MTFP efficiencies 2013/14



App 10. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving.

Environment & Infrastructure

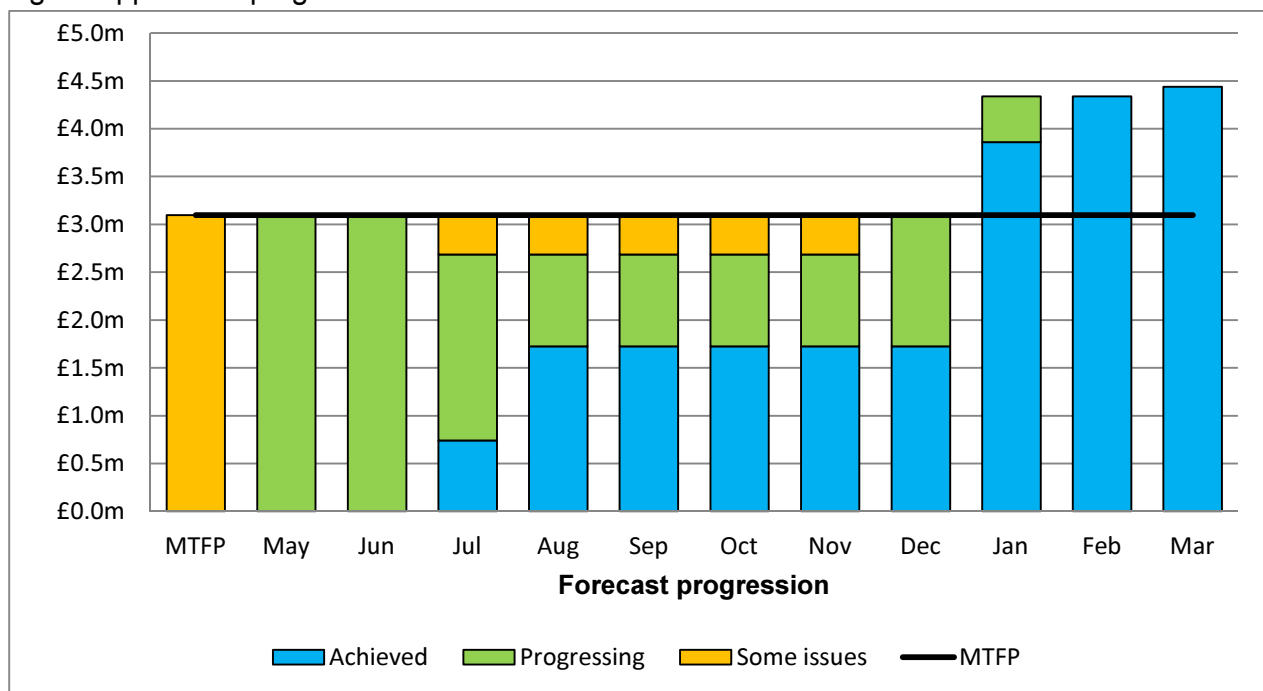
Figure App5: E&I progress of MTFP efficiencies



App 11. The final position for E&I is a shortfall of £0.5m, as expected earlier in the financial year, primarily bus service contract savings (£0.4m) which have been superseded by the wider Transport Review.

Business Services

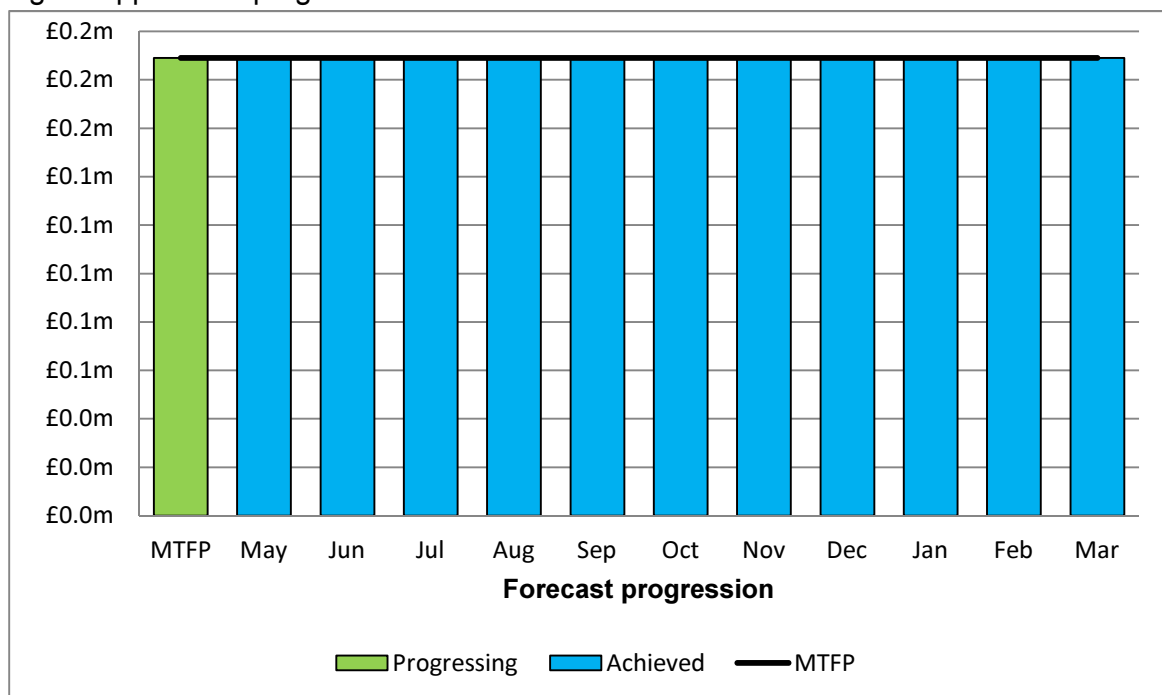
Figure App6: BUS progress of MTFP efficiencies 2013/14



App 12. The budget for the directorate includes efficiency savings and increased income targets of £3.1m. These have been delivered and +£1.3m of 2014/15 efficiencies early.

Chief Executive's Office

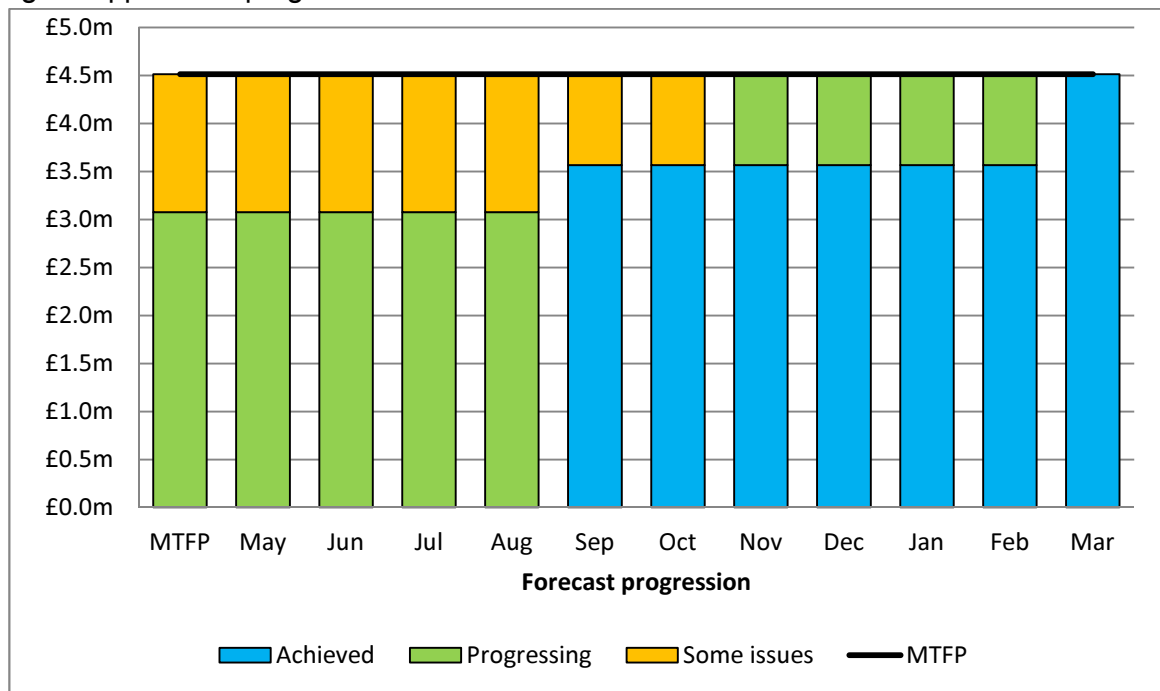
Figure App7: CEO progress of MTFP efficiencies 2013/14



App 13. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15.

Central Income & Expenditure

Figure App8: CEO progress of MTFP efficiencies 2013/14



App 14. The efficiencies identified in MTFP 2013-18 from changes to the Council's treasury management strategy and redundancy have been achieved.

Updated revenue budget

App 15. The Council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes approved between May and February increased the expenditure budget at the end of February to £1,687.7m. In March, there was a transfer from reserves of £4m in respect of the approved increase in the budget equalisation reserve, a budget adjustment of -£1.5m for earmarked school grants, a transfer of funding of £1.1m of DSG for academies, a transfer back to the Department for Education for academy status conversions (£0.4m), and a number of virements reprofiled the income & expenditure budgets, increasing the overall expenditure budget by £5.5m. Table App 1 summarises these changes.

Table App 1: Movement of 2013/14 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Total £m	Number of Virements £m
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	0.0	
Q1 changes	-2.3	11.1	-8.8		0.0	72
Q2 changes	7.7	-2.7	-5		0.0	114
Q3 changes	-3.6	-3.8	7.4			90
Jan & Feb changes	2.1	-2.1				34
Previous changes	-1,658.4	1,687.7	-17.4	-11.9	0.0	310
March changes						
Transfer from reserves	-4.0	4.0				1
DSG funding for Summer	-1.1	1.1				1
Term 2013 school action plus academies						
Schools earmarked grants adjustment	1.5	-1.5				1
Academy conversion Mar 14 – budget and grant reduction	0.4	-0.4			0.0	1
Transfer of income and expenditure	-2.3	2.3			0.0	34
March changes	-5.5	5.5	0.0	0.0	0.0	38
Updated budget - Mar 2014	-1,663.9	1,693.2	-17.4	-11.9	0.0	348

App 16. When the Council agreed MTFP 2013-2018 in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle Cabinet agreed was any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. For example, there were a number of changes in September for the notification of schools transferring to Academy status.

App 17. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value that is approved by the Chief Finance Officer.

App 18. Virements above £250,000 require the approval of the relevant Cabinet Member. There were six virements above £250,000 in March:

- a transfer from reserves of £3,959,273 in respect of the approved increase in the budget equalisation reserve;
- a budget adjustment of -£1,491,534 in respect of earmarked school grants;
- a transfer of £1,088,424 in respect of a transfer of funds from the DSG for academies School Action Plus;
- a grant reduction of £440,432 in respect of academy conversions;
- a budget adjustment of £345,201 in respect of an Education Services grant reduction against the Babcock 4S contract; and
- a transfer to ASC from CIE of £295,063 for work with Districts & Boroughs.

App 19. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table App 2: 2013/14 updated revenue budget – March 2014

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-69.0	406.3	337.3
Children, Schools & Families	-139.4	320.2	180.7
Schools	-513.5	513.5	0.1
Customers and Communities	-24.2	84.1	60.0
Environment & Infrastructure	-18.6	149.1	130.6
Business Services	-14.9	98.0	83.1
Chief Executive's Office	-27.8	44.2	16.4
Central Income & Expenditure	-856.6	45.7	-809.3
Service total	1,663.9	1,662.8	-1.1
Risk Contingency		13.0	13.0
Total	-1,663.9	1,675.8	11.9

Note: All numbers have been rounded - which might cause a casting error

App 20. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue outturn budget position as at end of March 2014

	Full Year Budget £m	Outturn Forecast £m	Forecast Variance £m
Income:			
Local taxation	-599.3	-600.6	-1.3
Government grants	-910.1	-901.0	9.1
Other income	-154.5	-203.7	-49.2
Income	-1,663.9	-1,705.3	-41.4
Staffing	311.9	306.6	-5.3
Service provision	850.4	864.5	14.1
Non schools sub-total	1,162.3	1,171.1	8.8
Schools expenditure	513.5	539.1	25.6
Total expenditure	1,675.8	1,710.2	34.4
Movement in balances	11.9	5.0	-6.9

Note: All numbers have been rounded - which might cause a casting error

Updated capital budget

App 21. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards (-£32.6m in total, -£2.5m for 2013/14) from 2012/13. This decreased 2013/14's capital budget to £184.8m.

App 22. New virements and reprofiling approved between May 2013 and February 2014 added £42.6m to the capital budget. There are changes to the capital budget totalling £5.1m, increasing the capital budget to £230.1m. There were 3 changes over £0.25m: - £2.1m external funding from sources such as schools' parent teacher associations, £1.1m transfer from reserves for information technology and -£1.9m for developer contributions for transport local schemes and Basingstoke canal. Table App 4 summarises these changes.

Table App 4: Movement of 2013/14 capital expenditure budget

2013/14 Monitoring	MTFP Budget £m	C/fwd and reprofiled budget £m	Budget virement £m	Revised full year budget £m
Adult Social Care	1.3	0.4	0.3	2.0
Children, Schools & Families	2.8	1.6	6.6	11.0
Customer & Communities	2.0	3.1	-0.3	4.8
Environment & Infrastructure	50.1	4.3	16.9	71.3
Business Services	50.4	0.6	24.2	75.2
Schools Basic Need	69.2	-14.9	0.0	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total service overall	187.3	-4.9	47.7	230.1

Note: All numbers have been rounded - which might cause a casting error

Earmarked reserves

App 23. Table App5 shows outturn position for earmarked reserves and general balances at 1 April 2014 after applying the reserves used to support the 2014/15 budget.

Table App5: Earmarked reserves

	Balance at 31/3/2013 £m	Transfers in £m	Transfers out £m	Balance at 31/3/2014 £m	Support for 2014/15 budget £m	Carry forwards £m	Balance at 1/4/2014 £m
Revolving Infrastructure	0.0	20.2		20.2			20.2
Investment & Renewal Reserve	13.3	0.6	-0.9	13.0			13.0
Eco Park	8.0	6.6		14.6			14.6
Budget Equalisation Reserve	25.0	28.5	-18.9	34.6	-29.7	-5.5	0.9
Street Lighting	5.8	0.4		6.2			6.2
Severe Weather	5.0		-5.0	0.0			0.0
Economic Downturn	4.4	2.1	-0.5	6.0	-4.3		1.7
Child Protection	3.6	0.4	-0.9	3.1			3.1
Interest Rate	3.2	1.5		4.7	-3.7		1.0
Insurance	7.4	1.4		8.8			8.8
Vehicle Replacement Reserve	5.1	0.4	-0.1	5.4			5.4
Waste	0.3			0.3	-0.3		0.0
Investment	4.9		-4.9	0.0			0.0
Equipment Replacement Reserve	3.1	2.4	-2.2	3.3	-1.8		1.5
Local Assistance Scheme	0.0	0.5		0.5			0.5
General Capital	7.6			7.6			7.6
Fin Invest	11.1		-9.5	1.6	-1.0		0.6
Earmarked Reserves	107.8	65.0	-42.9	129.9	-40.8	-5.5	83.6
General balances	31.8	1.4	-11.9	21.3			21.3

App 24. In February, the Council set its budget for 2014-19; at this time £25.9m of reserves were identified to support the 2014/15 budget. In addition, in March, Cabinet approved a further £14m of support after the requirement to re-profile the ASC savings. At the time, the amounts identified were in relation to the reduction of the Council's potential loss on its investment in two Icelandic banks and the settlement of the Council's Mutual Municipal Insurance liability. In addition, balances from the Economic Downturn Reserve and the Budget Equalisation Reserve were identified as available. Since this decision, a number of uncertainties have arisen and it is considered prudent to maintain the previous levels of the insurance reserve. These uncertainties arise in relation to an increased number of insurance claims due to the recent flooding in the county, alongside a recent rise in insurance premium costs and a decision to increase the excesses payable by the Council. As a result, the release of £3.3m from the Insurance Reserve planned in March will be replaced by a draw-down from the Budget Equalisation Reserve.

App 25. The level of earmarked reserves have been increased over the past five years to provide funds for what the Council knew would be a difficult financial climate, especially with the reduction in government funding. The use of the £39.8m reserves to support the 2014/15 budget smoothes these pressures across years and brings the total level of reserves down towards the historic level. The level of general balances at the year end is marginally above the range approved when setting the 2014/19 MTFP of £16m - £20m.

Debt

App 26. At the end of 2013/14 the Accounts Payable team had raised invoices totalling £196.6m.

App 27. Table App6 shows the age profile of the council's care, and non-care related debt.

Table App6: Further information on debts

Account Group	<1	2-12	1-2	+2	Total	Overdue debt
	month	months	years	years		
	£m	£m	£m	£m	£m	£m
Care debt – unsecured	3.9	2.1	1.6	2.8	10.4	6.5
Care debt - secured	0.2	1.8	1.7	2.8	6.5	
Total Care	4.1	3.9	3.3	5.6	16.9	6.5
General debt	20.3	2.6	0.2	0.1	23.2	2.9
Property	0.2	0.1	0.0	0.1	0.4	0.2
Total Non-care Debt	20.5	2.7	0.2	0.2	23.6	3.1
Total Debt	24.6	6.6	3.5	5.8	40.5	9.6

App 28. The amount still outstanding of these invoices was £40.5m of gross debt at 31 March 2014, an increase of £7.8m from the same point in 2013. The gross debt was adjusted to take into account those balances not immediately due (i.e. less than 30 days old), or collectable (i.e. secured on property). This produced the figures for net debt, which are shown in Table App7.

Table App7 –Overdue debt summary as at 31 March 2014

	2013/14 Q4	2012/13 Q4	2011/12 Q4	2010/11 Q4
	£m	£m	£m	£m
Care Related Debt	6.5	7.6	6.1	6.8
Non Care related debt	3.1	3.8	3.0	3.9
Total	9.6	11.4	9.1	10.7

App 29. The increase in care debt outstanding was a concern and is being addressed by a Rapid Improvement Event. Systems, restructure and overall economic factors may have played a part in this, and more specifically during the last quarter of the year the SWIFT reconciliation process identified new income for the council that was previously uncharged. From a debt recovery perspective clients were reluctant to pay high value retrospective bills resulting in an increase in the value of outstanding debt. The top 20 high value backdated bills for the last six months raised £1.73m worth of debt.

App 30. The Council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for March was 27 days.

App 31. The Chief Finance Officer has delegated authority to write off irrecoverable debts in line with financial regulations. This quarter (Q4 2013/14), 68 such debts have been written off with a total value of £117,411, of which £114,287 was care related and £3,124 was non care debt related.

This page is intentionally left blank